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BeauCARE, Inc.  
DERIDDER, LOUISIANA  
FINANCIAL STATEMENTS  
December 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 17 2012

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John A. Windham, CPA  
Charles M. Reed, Jr., CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
BeauCARE, Inc.  
DeRidder, Louisiana

I have audited the accompanying statement of financial position of BeauCARE, Inc. (a nonprofit organization) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows, for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BeauCARE, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 22, 2012 on my consideration of BeauCARE, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements.

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

A handwritten signature in black ink that reads "John D. Windham, CPA". The signature is written in a cursive, flowing style.

DeRidder, Louisiana  
May 22, 2012

## **BASIC FINANCIAL STATEMENTS**

Statement of Financial Position  
December 31, 2011

ASSETS

Current Assets:

Cash and cash equivalents	\$ 20,537
Grants receivable	12,135
Prepaid expenses	8,092
Total current assets	<u>\$ 40,764</u>

Noncurrent Assets

Capital assets, net	<u>\$ 434,848</u>
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Total assets	<u><u>\$ 475,612</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 10,351
Salaries payable	16,467
Payroll taxes payable	1,808
Total current liabilities	<u>\$ 28,626</u>

Net Assets:

Unrestricted	\$ 434,851
Temporarily restricted	12,135
Total net assets	<u>\$ 446,986</u>

Total liabilities and net assets	<u><u>\$ 475,612</u></u>
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The accompanying notes are an integral part of this statement.

Statement of Activities  
For the Year Ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>SUPPORT AND REVENUE</u></b>			
<b><u>SUPPORT</u></b>			
Grants			
Government:			
Federal			
Department of Health and Human Services:			
Child and Adult Care Food Program	\$ -	\$ 56,650	\$ 56,650
Headstart Program	-	453,388	453,388
Department of Justice			
Louisiana Commission on Law Enforcement			
Delinquency Prevention Program	-	33,836	33,836
State			
Department of Corrections			
Office of Youth Development	-	27,474	27,474
Local			
City of DeRidder	-	25,000	25,000
Total government grants	<u>\$ -</u>	<u>\$ 596,348</u>	<u>\$ 596,348</u>
Private			
United Way	<u>\$ -</u>	<u>\$ 104,901</u>	<u>\$ 104,901</u>
Total grants	<u>\$ -</u>	<u>\$ 701,249</u>	<u>\$ 701,249</u>
Cash contributions	\$ 3,319	\$ -	\$ 3,319
Inkind donations	232,020	-	232,020
Fundraising	<u>72,874</u>	<u>-</u>	<u>72,874</u>
Total support	<u>\$ 308,213</u>	<u>\$ 701,249</u>	<u>\$ 1,009,462</u>
<b><u>REVENUE</u></b>			
Fees for services	\$ 112,193	\$ -	\$ 112,193
Interest	875	-	875
Rentals	3,130	-	3,130
Concession stand sales	4,234	-	4,234
Net assets released from restriction	<u>703,064</u>	<u>(703,064)</u>	<u>-</u>
Total revenue	<u>\$ 823,496</u>	<u>\$ (703,064)</u>	<u>\$ 120,432</u>
Total support and revenue	<u>\$ 1,131,709</u>	<u>\$ (1,815)</u>	<u>\$ 1,129,894</u>
<b><u>EXPENSES</u></b>			
Program services:			
Recreational and educational programs	<u>\$ 1,172,423</u>	<u>\$ -</u>	<u>\$ 1,172,423</u>
Change in net assets	\$ (40,714)	\$ (1,815)	\$ (42,529)
Net assets, beginning of year	<u>475,565</u>	<u>13,950</u>	<u>489,515</u>
Net assets, end of year	<u><u>\$ 434,851</u></u>	<u><u>\$ 12,135</u></u>	<u><u>\$ 446,986</u></u>

The accompanying notes are an integral part of this statement.

Statement of Functional Expenses  
For the Year Ended December 31, 2011

	Program Services
Salaries and related benefits	\$ 582,877
Payroll taxes	34,013
Total salaries and related expenses	<u>\$ 616,890</u>
Program supplies	\$ 32,653
Other supplies	6,158
Telephone	10,477
Dues/licenses/permits	1,151
Travel and conferences	10,902
Meals	75,026
Postage	1,478
Training and certification fees	8,617
Insurance	15,957
Bank charges	243
Legal and professional fees	10,131
Contract labor	4,124
Printing and publications	1,747
Miscellaneous	5,334
Occupancy and maintenance	38,154
Utilities	33,719
Fundraising expense	21,397
Hiring process	2,474
Inkind expenses	232,020
Total expenses before depreciation	<u>\$ 511,762</u>
Depreciation	
Purchased assets	\$ 36,921
Donated assets	6,850
Total depreciation	<u>\$ 43,771</u>
Total expenses	<u><u>\$ 1,172,423</u></u>

The accompanying notes are an integral part of this statement.



Statement of Cash Flows  
For the Year Ended December 31, 2011

Cash flows from operating activities:	
Cash received for services provided	\$ 144,557
Cash received for support and other revenues	986,277
Cash received from investments	875
Cash payments for program activities	(512,134)
Cash payments to employees for services	(620,588)
Net cash used by operating activities	<u>\$ (1,013)</u>
Cash flows from capital and related investing activities:	
Acquisition and construction of capital assets	<u>\$ (2,450)</u>
Net cash used by capital and related investing activities	<u>\$ (2,450)</u>
Net increase (decrease) in cash and cash investments	\$ (3,463)
Cash and cash investments, beginning of year	<u>24,000</u>
Cash and cash investments, end of year	<u><u>\$ 20,537</u></u>
	(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows  
For the Year Ended December 31, 2011

Reconciliation of net loss from operations  
to net cash used by operating activities

Net loss from operations \$ (42,529)

Adjustments to reconcile net loss from  
operations to net cash used by operating activities.

Depreciation \$ 43,771

Change in assets and liabilities:

Decrease in grants receivable 1,815

Decrease in prepaid expenses 2,344

Decrease in account payable (2,716)

Increase in payroll tax payable 36

Decrease in salaries payable (3,734)

Net cash used by operating activities \$ (1,013)

(Concluded)

The accompanying notes are an integral part of this statement

## NOTES TO THE FINANCIAL STATEMENTS

BeauCARE, Inc.

Notes to the Financial Statements  
As of and for the Year Ended December 31, 2011

**INTRODUCTION**

BeauCARE, Inc. is a Louisiana non-profit corporation. This corporation is organized and it shall be operated exclusively for charitable, religious, and educational purposes, within the meaning of Section 501 (c) (3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, including for purposes, to purchase, acquire, hold, use, manage, alienate or encumber property of any kind, necessary and proper to provide opportunities in personal growth and development through recreational and educational programs for residents of all ages; and the making of distributions to organizations that qualify as exempt organizations under section 501 (c) (3) of the Internal Revenue Code or the corresponding section of any future federal tax code.

The basic programs of BeauCARE, Inc. include recreational programs (i.e. Aqua Aerobics, Incrediball, Youth Recreation Center, Summer Swimming Pool, After School Homework Program, Headstart Program, summer mini-camps, a monitored visitation center and educational programs) for residents of all ages

The board of directors is made up of eight voting board members and seven advisory board members. None of the board members are compensated for their service

BeauCARE, Inc. is located in Beauregard Parish in southwestern Louisiana. BeauCARE, Inc. serves the residents of Beauregard Parish and the surrounding area. BeauCARE, Inc. employs approximately twelve clerical employees and five activity directors.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed are described to enhance the usefulness of the financial statements to the reader. The financial statements of BeauCARE, Inc. have been prepared on the accrual basis; therefore certain revenues and the related assets are recognized when earned rather than when received and certain expenses are recognized when the obligation is incurred rather than when paid. These policies have been consistently applied in the preparation of the financial statements. The corporation has no capital stock.

**A. Basis of Accounting**

The financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*, which requires the organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The organization has no permanently restricted net assets. In addition, the organization is required to present a statement of cash flows.

**B. Income Taxes**

The organization is qualified as an exempt organization under Section 501 (c) (3) of the Internal Revenue Code and is not subject to federal income tax. In addition, the organization has been determined by the Internal Revenue Service not to be a private foundation within Section 509 (a) of the Code.

**C. Support and Revenue**

All contributions and revenues received are considered to be available for unrestricted use unless specifically restricted by the donor.

## Notes to the Financial Statements (Continued)

**D. Fixed Assets**

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**E. Depreciation**

All capital assets are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20-40 years
Improvements	5-20 years
Machinery and equipment	5-15 years
Furniture and fixtures	5-10 years
Vehicles	5-10 years

Depreciation expense for the year ended December 31, 2011 amounted to \$43,771.

**F. Cash and Cash Equivalents**

The organization considers all short-term debt investments purchased with maturity of three months or less to be cash equivalents. Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts.

**G. Long-Term Obligations**

In the fund financial statements, long-term debt and other long-term obligations are reported as liabilities

**H. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of BeauCARE, Inc., which are either unusual in nature or infrequent in occurrence.

**I. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, and expenses during the reporting period. Actual results could differ from those estimates.

**J. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

# BeauCARE, Inc

## Notes to the Financial Statements (Continued)

### K. Concentration of Risk

BeauCARE, Inc.'s primary sources of support are from grants awarded by federal and state governments and private grantors. Management is always seeking funding for the upcoming years through renewals of current grants as well as by applying for new grants; however, in the event the Organization is unable to secure additional funding, the financial position of the Organization could be significantly impacted.

### 2. CASH AND CASH EQUIVALENTS

At December 31, 2011, BeauCARE, Inc. has cash and cash equivalents (book balances) totaling \$20,537 as follows

Demand deposits	\$	9,273
Savings account		11,114
Petty cash		150
Total	\$	<u>20,537</u>

At December 31, 2011, BeauCARE, Inc. has \$32,577 in deposits (collected bank balances). These deposits are secured from risk by \$32,577 of federal deposit insurance.

### 3. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2011 for BeauCARE, Inc. is as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
Capital assets being depreciated				
Buildings	\$ 235,751	\$ 2,450	\$ -	\$ 238,201
Improvements other than buildings	105,962	-	-	105,962
Machinery and equipment	25,652	-	-	25,652
Furniture and fixtures	120,282	-	-	120,282
Vehicles	164,768	-	-	164,768
Total capital assets being depreciated	<u>\$ 652,415</u>	<u>\$ 2,450</u>	<u>\$ -</u>	<u>\$ 654,865</u>
Less accumulated depreciation for:				
Buildings	\$ 31,917	\$ 7,916	\$ -	\$ 39,833
Improvements other than buildings	21,480	4,378	-	25,858
Machinery and equipment	7,383	4,914	-	12,297
Furniture and fixtures	63,980	9,442	-	73,422
Vehicles	51,486	17,121	-	68,607
Total accumulated depreciation	<u>\$ 176,246</u>	<u>\$ 43,771</u>	<u>\$ -</u>	<u>\$ 220,017</u>
Total capital assets being depreciated, net	<u>\$ 476,169</u>	<u>\$ (41,321)</u>	<u>\$ -</u>	<u>\$ 434,848</u>

### 4. DONATED FACILITIES, MATERIALS AND SERVICES

Donated materials, equipment, and use of facilities (if any) are reflected as in-kind donations or fund raising support in the accompanying statements at their estimated values at the date of receipt. Donated services (if any) are recognized as contributions in accordance with SFAS No 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or

BeauCARE Inc.

Notes to the Financial Statements (Continued)

enhance nonfinancial assets or (b) requires specialized skills, is performed by people with those skills and would otherwise be purchased by the organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the criteria for SFAS No. 116 are not met.

**5. ECONOMIC DEPENDENCY**

BeauCare, Inc. receives a substantial portion of its total support from the US Department of Health and Human Services, Headstart Program and the Child and Adult Care Food Program. During the period ended December 31, 2011, BeauCARE, Inc. received \$510,038 in grant support from these departments, which represents 45% of total support and revenue.

**6. FUNDING**

BeauCARE, Inc. receives funds from the Louisiana Commission on Law Enforcement, State Department of Corrections, United Way, and the City of DeRidder. The money is used to pay salaries and related expenses for BeauCARE, Inc. and affiliated organizations. The funds received for the year ended December 31, 2011, were as follows:

Louisiana Commission on Law Enforcement	\$ 33,836
Department of Corrections	27,474
United Way	104,901
City of DeRidder	25,000
Total	<u>\$ 191,211</u>

**7. RECEIVABLES**

The following is a summary of receivables for December 31, 2011:

Class of Receivable

Grants:

Office of Juvenile Justice	\$ 2,121
Child and Adult Care Food Program	4,295
Louisiana Commission on Law Enforcement	5,719
Total	<u>\$ 12,135</u>

**8. ACCOUNTS AND OTHER PAYABLES**

The following is a summary of payables at December 31, 2011.

Class of Payable

Accounts	\$ 10,351
Salaries	16,467
Payroll taxes	1,808
Total	<u>\$ 28,626</u>

BeauCARE, Inc.

Notes to the Financial Statements (Concluded)

**9. NET ASSETS**

As required by SFAS No. 117, net assets have been reclassified into three categories. unrestricted, temporarily restricted, and restricted. The classification is as follows:

Unrestricted	\$ 434,851
Temporarily restricted	12,135
Total Net Assets	<u>\$ 446,986</u>

**10. LITIGATION AND CLAIMS**

At December 31, 2011, BeauCARE, Inc., had no litigation or claims pending

**11. INKIND DONATIONS**

The Headstart program administered by BeauCARE, Inc. is housed in a building owned by the Beauregard Parish School Board. The school board has made an inkind donation of the rental of the building to BeauCARE, Inc. A local realtor has given BeauCARE, Inc. a statement that the fair rental value of the building is \$20,870 per month. This was used through August 2011 when another appraisal was completed a new value assigned to the property of \$14,214 per month for the remainder of the year. Other amounts in inkind donations include donations made by other individuals.

**12. TEMPORARILY RESTRICTED ASSETS**

The following is a summary of temporarily restricted assets as of December 31, 2011:

Grants receivable

Office of Juvenile Justice	\$ 2,121
Child and Adult Care Program	4,295
Louisiana Commission on Law Enforcement	5,719
Total	<u>\$ 12,135</u>



## **OTHER SUPPLEMENTAL SCHEDULES**

BeauCARE, Inc  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2011

Schedule 1

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
United States Department of Health and Human Services		
Headstart Program	93.600	\$ 453,388
United States Department of Agriculture		
Passed through the Louisiana Department of Education		
Child and Adult Care Food Program	10 558	56,650
United States Department of Justice		
Passed through the Louisiana Commission on Law Enforcement		
Juvenile Justice on Delinquency Prevention Program	16 540	<u>33,836</u>
Total expenditures of federal awards		<u>\$ 543,874</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

**NOTE – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of BeauCARE, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

## OTHER REPORTS

**Schedule of Prior Year Audit Findings  
Year Ended December 31, 2011**

**There were no prior year audit findings for the year ending December 31, 2010**

**Schedule of Current Year Audit Findings and Management's Response  
Year Ended December 31, 2011**

**There are no current year audit findings for the year ending December 31, 2011.**

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of  
BeauCARE, Inc.  
DeRidder, Louisiana

I have audited the financial statements of BeauCARE, Inc. (a nonprofit organization) as of and for the year ended December 31, 2011, and have issued my report thereon dated May 22, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of BeauCARE, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered BeauCARE Inc.'s internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of BeauCARE, Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether BeauCARE, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, BeauCARE, Inc.'s management, others within the entity, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in black ink, reading "J. M. Windham, CPA". The signature is written in a cursive, flowing style.

DeRidder, Louisiana  
May 22, 2012

# John A. Windham, CPA

*A Professional Corporation*

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Charles M. Reed, Jr., CPA

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of  
BeauCARE, Inc.  
DeRidder, Louisiana

### Compliance

I have audited BeauCARE, Inc.'s compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on BeauCARE, Inc.'s major federal program for the year ended December 31, 2011. BeauCARE, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of BeauCARE, Inc.'s management. My responsibility is to express an opinion on BeauCARE, Inc.'s compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about BeauCARE, Inc.'s compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of BeauCARE, Inc.'s compliance with those requirements.

In my opinion, BeauCARE, Inc. complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

### Internal Control Over Compliance

Management of BeauCARE, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered BeauCARE, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of BeauCARE, Inc.'s internal control over compliance.



A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Handwritten signature of John A. Windham, CPA in black ink.

DeRidder, Louisiana  
May 22, 2012

**BeauCARE, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2011**

**Schedule 4**

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of BeauCARE, Inc.
2. No instances of noncompliance material to the financial statements of BeauCARE, Inc. was disclosed during the audit.
3. The auditor's report on compliance for the major federal award program for BeauCARE, Inc. expresses an unqualified opinion on the major federal program.
4. The program tested as a major program included: United States Department of Health and Human Services, Headstart Program CFDA No. 93.600. The audit did not disclose any audit findings relating to major programs that the auditor is required to report.
5. The threshold for distinguishing Types A and B programs was \$300,000.
6. BeauCARE, Inc. was determined to be a low-risk auditee.